

AMENDED IN ASSEMBLY APRIL 15, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 534

Introduced by Assembly Member Wieckowski

February 20, 2013

An act to add Chapter 1.5 (commencing with Section 99050) to Part 65 of Division 14 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 534, as amended, Wieckowski. Postsecondary education: institutional and financial assistance information for students.

Under existing law, there are 4 segments of postsecondary education in this state: the University of California, the California State University, the California Community Colleges, and independent institutions of higher education. Existing law, the California Private Postsecondary Education Act of 2009, regulates the operations of private postsecondary educational institutions, as defined, some of which are not accredited. Existing federal law, the Higher Education Opportunity Act, requires postsecondary institutions whose students receive certain federally funded, or federally insured or guaranteed, student loans to provide, among other services, entrance and exit counseling to students with specified information about these loans.

This bill would require each campus of the 4 segments listed above, and private postsecondary educational institutions subject to the California Private Postsecondary Education Act of 2009, to provide entrance and exit counseling, as specified, with respect to any ~~institutional or state-funded loans offered~~ *student loans offered by the institution or a private lender* or recommended to the student by the

institution or segment. *The bill would also allow an institution to assess a reasonable fee to the lender, not exceeding \$50, in order to defray the cost of additional counseling.* The bill would not apply to federally funded, federally insured, or federally guaranteed loans for which counseling is required by the federal Higher Education Opportunity Act.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 1.5 (commencing with Section 99050) is added to Part 65 of Division 14 of Title 3 of the Education Code, to read:

CHAPTER 1.5. INSTITUTIONAL AND FINANCIAL ASSISTANCE
INFORMATION FOR STUDENTS

99050. The Regents of the University of California, the Trustees of the California State University, the governing board of each community college district, the governing body of each accredited independent institution of higher education in this state, and the governing body of each private postsecondary educational institution as defined in Section 94858 that is subject to Chapter 8 (commencing with Section 94800) of Part 59 of Division 10, shall each provide entrance and exit counseling services for students at all campuses within their respective jurisdictions with respect to any ~~institutional or state-funded loans offered student loans offered by the institution or a private lender~~ or recommended to a student by the institution or segment, except as provided in Section 99051.

99051. This chapter shall not apply to a federally funded, federally insured, or federally guaranteed loan for which counseling is required by Section 1092 of Title 20 of the United States Code.

99052. As used in this chapter:

(a) "Entrance counseling" includes all of the following:

(1) Providing the student with comprehensive information on the terms and conditions of the loan and of the responsibilities the student has with respect to the loan. This information shall be provided before the student enters into the loan agreement, and

1 shall be expressed in a simple and understandable manner. The
2 information may be provided during an entrance counseling session
3 conducted in person, on a written form provided to the student that
4 the student signs and returns to the institution, or online, with the
5 student acknowledging receipt of the information.

6 (2) The comprehensive information provided under this
7 subdivision shall include all of the following:

8 (A) To the extent practicable, the effect of accepting the loan
9 to be disbursed on the eligibility of the borrower for other forms
10 of student financial assistance.

11 (B) Information on how interest accrues and is capitalized during
12 periods when the interest is not paid by the borrower.

13 (C) The definitions of full-time and half-time enrollment at the
14 institution, during regular terms and intersession terms, if
15 applicable, and the consequences of not maintaining full-time or
16 half-time enrollment.

17 (D) An explanation of the importance of contacting the
18 appropriate offices at the institution if the borrower withdraws
19 before completing his or her program of study so that the institution
20 can provide exit counseling.

21 (E) Sample monthly repayment amounts, based on a range of
22 levels of indebtedness.

23 (F) The obligation of the borrower to repay the full amount of
24 the loan, irrespective of whether the borrower completes his or her
25 program of study at the institution.

26 (G) The likely consequences of default on the loan, including
27 adverse credit reports, delinquent debt collection procedures, and
28 litigation.

29 ~~(H) Information on the National Student Loan Data System and~~
30 ~~how the borrower can access his or her records about whether the~~
31 *student has hit the maximum on his or her federal student loan*
32 *opportunities.*

33 (I) (i) The name of, and contact information for, an individual
34 the borrower may contact if he or she has any questions about the
35 borrower's rights and responsibilities or the terms and conditions
36 of the loan.

37 (ii) *Information regarding how a student or any member of the*
38 *public may file a complaint about this institution with the Bureau*
39 *for Private Postsecondary Education by calling a toll-free*
40 *telephone number, or by completing a complaint form, which can*

1 *be obtained on the bureau's Internet Web site. The toll-free*
2 *telephone number and Internet Web site address of the bureau*
3 *shall be included.*

4 *(J) All of the information required pursuant to subdivisions (b)*
5 *and (c) of Section 69800.*

6 (b) (1) "Exit counseling" shall be provided as close as
7 practicable to the date that a student graduates from, transfers from,
8 withdraws from, or otherwise completes his or her program of
9 study at, the institution. "Exit counseling" includes information
10 relating to all of the following:

11 (A) Repayment plans that are available, including a description
12 of the different features of each plan and sample information
13 showing the average anticipated monthly payments, and the
14 difference in interest paid and total payments, under each plan.

15 (B) Debt management strategies that are designed to facilitate
16 the repayment of indebtedness.

17 (C) An explanation that the borrower has the options to prepay
18 each loan, pay each loan on a shorter schedule, or change
19 repayment plans.

20 (D) The likely consequences of default on the loan, including
21 adverse credit reports, delinquent debt collection procedures, and
22 litigation.

23 (E) Information on the effects of consolidation on a borrower's
24 underlying loan benefits.

25 (F) Information on grace periods, loan forgiveness, cancellation,
26 and deferment opportunities.

27 (G) The borrower benefit programs of different lenders.

28 (H) A general description of the tax benefits that may be
29 available to borrowers.

30 *(I) Information on how to enroll in income-based repayment.*

31 (2) With respect to a student who leaves an institution without
32 the knowledge of the institution, the institution shall attempt to
33 provide the information described in paragraph (1) to the student
34 in writing.

35 *(c) (1) A lender shall not accept a final and complete*
36 *application for a private student loan from a prospective applicant,*
37 *or assess any fees upon a prospective applicant, without first*
38 *receiving certification from the applicant's institution that the*
39 *applicant has received entrance counseling from the educational*
40 *institution and that the counseling was conducted in person, unless*

1 *the certification specified that the applicant elected to receive the*
2 *counseling in a manner other than in person.*

3 *(2) The certification required by this subdivision shall be signed*
4 *by the borrower and the institutional counselor, and shall include*
5 *the date of the counseling and the name, address, and telephone*
6 *number of both the counselor and the applicant. An electronic*
7 *facsimile copy of the counseling certification satisfies the*
8 *requirement of this subdivision. The lender shall maintain the*
9 *certification in an accurate, reproducible, and accessible format*
10 *for the term of the student loan.*

11 *(d) An institution may assess a reasonable fee to the lender to*
12 *defray the cost of additional counseling in an amount not exceeding*
13 *fifty dollars (\$50) for providing the service.*

14 ~~(e)~~

15 *(e) For purposes of this section, “institution” means a campus*
16 *of the University of California, the California State University, or*
17 *the California Community Colleges, an accredited private and*
18 *independent college or university, or a private postsecondary*
19 *educational institution as defined in Section 94858 that is subject*
20 *to Chapter 8 (commencing with Section 94800) of Part 59 of*
21 *Division 10.*